

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EUR-12 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /069 W  
-----029944 092347Z /65  
R 091351Z SEP 77  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 9162

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E.O. 11652: NA  
TAGS: EFIN, VE  
SUBJECT: VENEZUELA NEGOTIATES \$350 MILLION  
EURODOLLAR LOAN

1. THE GOVERNMENT OF VENEZUELA HAS ALMOST COMPLETED NEGOTIATIONS FOR A \$350 MILLION EURODOLLAR LOAN WITH A CONSORTIUM OF INTERNATIONAL BANKS. THE CONSORTIUM IS HEADED BY MANUFACTURERS HANOVER TRUST COMPANY AND REPORTEDLY INCLUDES TORONTO DOMINION BANK, BARCLAY'S AND THE INDUSTRIAL BANK OF JAPAN. EVENTUALLY, APPROXIMATELY FORTY BANKS ARE EXPECTED TO PARTICIPATE. ACCORDING TO A HANOVER REPRESENTATIVE MINIMUM PARTICIPATION IS \$3 MILLION.

2. THE TERMS OF THE LOAN ARE REPORTEDLY THE BEST EVER OFFERED BY MANUFACTURERS HANOVER TRUST AND ARE CERTAINLY BETTER THAN THOSE FOR OTHER MAJOR LOANS OF THIS TYPE CONTRACTED BY THE GOVERNMENT OF VENEZUELA DURING THE PAST TWELVE MONTHS. THE LOAN IS FOR SEVEN YEARS, WITH A THREE-YEAR GRACE PERIOD, AND CARRIES AN INTEREST RATE OF 7/8 OF ONE PERCENT OVER LIBOR.

3. COMMENT: NONE OF THE INTERNATIONAL BANKS WHICH TRADITIONALLY HAVE PARTICIPATED IN CONSORTIA TO LEND MONEY TO VENEZUELA ARE MAJOR PARTICIPANTS IN THIS LOAN. SINCE LAST NOVEMBER, AND NOT INCLUDING THIS LOAN, VENEZUELA HAS BORROWED \$2.2 BILLION FROM MAJOR CONSORTIA,  
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INCLUDING SUCH BANKS AS CITIBANK, MORGAN, CHASE, FIRST BOSTON, ETC. AS A RESULT, THESE INSTITUTIONS REPORTEDLY ARE APPROACHING THE LIMITS ESTABLISHED BY THE USG FOR ANY BORROWER (IN THIS CASE THE REPUBLIC OF VENEZUELA) AND WERE REPORTEDLY RELUCTANT TO PARTICIPATE IN A LOAN WITH SUCH A LOW INTEREST RATE. FOR MANUFACTURERS HANOVER TRUST, A BANK WHICH HAS BEEN RELATIVELY INACTIVE IN VENEZUELA FOR SEVERAL YEARS, THE LOAN WAS IMPORTANT INASMUCH AS IT

WILL ESTABLISH THAT BANK IN A MARKET SELECTED BY THE BANK'S  
MANAGEMENT AS A HIGH PRIORITY TARGET. END COMMENT.  
FRECHETTE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EURODOLLAR, BANK LOANS, NEGOTIATIONS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
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**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Subject:** VENEZUELA NEGOTIATES \$350 MILLION EURODOLLAR LOAN  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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